

The Housing and Community Development Network of NJ, a statewide association of more than 250 affordable housing and community development corporations, individuals and other organizations that support the creation of housing and economic opportunities for low- and moderate-income New Jerseyans, strongly supports maintaining the Low Income Housing Tax Credit (LIHTC) as part of the federal tax code. We echo the comments of the ACTION network that LIHTC is vital to the creation and preservation of affordable housing in every state in the Union. In New Jersey Housing Credit properties are very well managed, with an extremely low foreclosure rate.

The need for affordable rental housing is acute and growing. Renters are constrained by a lack of income growth, and as more people decide to rent, there has not been an accompanying increase in the supply of affordable apartments. According to HUD's Summary of Worst Case Housing Needs, a record 8.5 million very low-income families nationwide are considered to have worst case housing needs in 2011, meaning they are very low-income renters who either paid more than half of their income for rent, lived in severely inadequate conditions, or both. The number of cases in 2011 rose from 7.1 million in 2009 and has been steadily growing since 2007. In the types of jobs currently hiring new workers, four out of the five most prevalent jobs do not pay workers enough to afford to rent or buy housing at typical prices nationwide, according to the Center for Housing Policy. New Jersey is the fourth most expensive state in the nation.

As Congress considers various options for tax reform and deficit reduction, it should recognize that the Housing Credit is a proven, efficient means for creating affordable housing through public-private partnerships. For more than 26 years after President Reagan signed it into law in 1986, the Housing Credit has leveraged private capital, private development expertise, and private asset management to create affordable housing under the guidance of individual state allocating agencies. The Housing Credit's place in the tax code is an essential part of its long-term success. Indeed, it has been so successful that it has become a model for subsequent programs.

In addition to protecting and preserving the Housing Credit as a permanent part of the tax code, we support the ACTION Campaign's following legislative proposals to improve the efficiency and effectiveness of the Housing Credit at a negligible cost to the federal government:

- 1. Make the 9 percent Housing Credit fixed floor rate permanent**
- 2. Make the Housing Credit floor rate for acquisition fixed at no less than 4 percent**